

House File 447 - Introduced

HOUSE FILE 447

BY CARLIN

A BILL FOR

1 An Act relating to the implementation and financing of energy
2 management improvements by school corporations.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 273.3, Code 2017, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 20A. Be authorized to implement an energy
4 management improvement as provided in section 279.48A.

5 Sec. 2. Section 279.48, subsection 2, Code 2017, is amended
6 to read as follows:

7 2. The total of scheduled annual payments of principal or
8 interest due and payable from current budgeted receipts or
9 future budgeted receipts with respect to all loan agreements
10 authorized under this section, section 279.48A, or section
11 285.10, subsection 7, paragraph "b", must not exceed ten percent
12 of the last authorized budget of the school corporation.

13 Sec. 3. NEW SECTION. **279.48A Energy management improvements**
14 **— implementation.**

15 1. The board of directors of a school corporation may
16 implement an energy management improvement, as defined in
17 section 473.19 and identified in an energy analysis, and may
18 negotiate and enter into a loan agreement and issue a note
19 to pay for the energy management improvement, subject to the
20 following terms and procedures:

21 a. The note must mature within ten years, or the useful life
22 of the energy management improvement, whichever is less.

23 b. The note may bear interest at a rate to be determined by
24 the board of directors in the manner provided in section 74A.3,
25 subsection 1, paragraph "a". Chapter 75 is not applicable.

26 c. The board of directors shall provide for the form of the
27 agreement and note.

28 d. Principal and interest on the note must be payable from
29 budgeted receipts in the debt service fund for each year of a
30 period of up to ten years.

31 2. The total of scheduled annual payments of principal or
32 interest due and payable from current budgeted receipts or
33 future budgeted receipts with respect to all loan agreements
34 authorized under this section, section 279.48, or section
35 285.10, subsection 7, paragraph "b", must not exceed ten percent

1 of the last authorized budget of the school corporation.

2 3. Before entering into a loan agreement for an energy
3 management improvement, the school corporation must publish a
4 notice, including a statement of the amount and purpose of the
5 agreement, at least once in a newspaper of general circulation
6 within the school corporation at least ten days before the
7 meeting at which the loan agreement is to be approved.

8 4. This section shall not preclude a school corporation
9 from obtaining a loan, lease, or other method of alternative
10 financing under the energy loan program created in section
11 479.19 to implement energy management improvements or energy
12 analyses in addition to entering into a loan agreement as
13 provided in this section.

14 Sec. 4. Section 279.53, Code 2017, is amended to read as
15 follows:

16 **279.53 Loan proceeds.**

17 The proceeds of loans issued to school districts pursuant to
18 section 279.48, 279.48A, 279.52, or 473.20 shall be deposited
19 into either the general fund of a school district or the
20 physical plant and equipment levy fund. The board of directors
21 shall expend the amount of the principal and interest due
22 each year to maturity from the same fund into which the loan
23 proceeds were deposited.

24 **EXPLANATION**

25 The inclusion of this explanation does not constitute agreement with
26 the explanation's substance by the members of the general assembly.

27 This bill provides that a board of directors of a school
28 corporation may negotiate and enter into a loan agreement and
29 issue a note to pay for an energy management improvement, as
30 defined in Code section 473.19. A note must meet the following
31 requirements: the note must mature within the lesser of 10
32 years or the useful life of the energy management improvement;
33 the note may bear interest at a rate determined by the board
34 pursuant to Code section 74A.3(1)(a); the board must provide
35 for the form of the agreement and note; and the principal and

1 interest on the note must be payable from budgeted receipts in
2 the debt service fund for each year of a period of up to 10
3 years. Code chapter 75, relating to the authorization and sale
4 of public bonds, does not apply to such a note.

5 The bill provides that the total annual payments of
6 principal or interest due and payable from current or future
7 budgeted receipts with respect to all loan agreements entered
8 into under the bill, Code section 279.48 (equipment) or
9 285.10(7)(b) (buses) cannot exceed 10 percent of the last
10 authorized budget of the school corporation.

11 The bill requires a school corporation to publish a notice
12 before entering into a loan agreement, including the amount
13 and purpose of such agreement, at least once in a newspaper
14 of general circulation within the school corporation at least
15 10 days before the meeting at which the agreement is to be
16 approved.

17 The bill does not preclude a school corporation from
18 obtaining financing under the energy loan program established
19 in Code section 479.19 to implement energy management
20 improvements.

21 The bill requires the proceeds of loans issued to school
22 districts pursuant to the bill to be deposited into either
23 the school district's general fund or the physical plant and
24 equipment levy fund.

25 The bill makes conforming changes in Code sections 273.3 and
26 279.48(2). The bill's provisions are in substantial conformity
27 with equipment purchase loan provisions contained in current
28 Code section 279.48.